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Approved For Release 2003/11/06 : CIA-RDP84-00933R000300330006-9
AMDAHL CORPORATION
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WASHINGTON, D.C. 20016

Fish *Document 408*

January 27, 1981

Answered by OL/PD
AF

Mr. Bruce Johnson
Central Intelligence Agency
Washington, D.C. 20505

REFERENCE: RFP #2-81A (3033MP or equivalent)

Dear Mr. Johnson:

The Amdahl Corporation wishes to re-emphasize the cost effectiveness of the 470V/8 as compared to an IBM 3033MP. For essentially equivalent levels of performance, we estimate, based on published list prices, a \$2,351,000 cost-avoidance for your agency if a 470V/8 is selected for use.

Accordingly, it is our absolute conviction that it would be technically, operationally, and economically unwise and improper for your agency to disqualify the 470V/8 for reasons that have no appreciable impact on the effectiveness of the solution to the Agency's requirements.

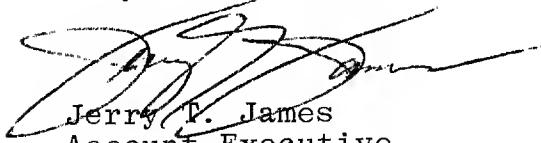
The most recent example of an unwise and improper "non-reason" to avoid selecting an Amdahl 470V/8 has been the excessive questioning of Amdahl's software. In this respect we wish to point out the considerable difficulties associated with the IBM VM/SP software which became available in October, 1980. Specifically, Mr. Curt Symes, an IBM VM Product Administrator, promised in November, 1980, to the IBM Louisville Share participants, and again in January, 1981, to the Metropolitan VM Users Group in New York two reels of maintenance tapes for VM/SP that contained over 300 PTF's and 20 critical fixes. As of January 9th IBM has not delivered any of the long awaited fixes to VM/SP. Indeed, it is doubtful that the IBM software associated with this procurement (VM/SP) is reliably running in a non-IBM production environment on a 3033MP. In short, when all relevant factors are considered, Amdahl considers its proposal as the most reliable and the most cost-effective solution for the Agency.

In conclusion, Amdahl strongly supports President Reagan's efforts to reduce unnecessary federal spending. We believe that the proposed 470V/8 will make a \$2,351,000 contribution towards the President's goals.

Mr. Bruce Johnson
Central Intelligence Agency
January 27, 1981
Page 2

We hope you share our confidence so that, together, we can help achieve the Administration's objectives.

Very truly yours,



Jerry V. James
Account Executive

JTJ:dt

STATINTL

cc: Mr. [redacted] CIA
Mr. L. George Klaus, Amdahl
Mr. [redacted] CIA
Mr. [redacted] CIA
Mr. [redacted] CIA
Mr. [redacted] CIA
Mr. [redacted] CIA

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28 January 1981

Note To: D/ODP

Subject: Some Suggested Language on the Amdahl Letter

We, of course, also strongly support President Reagan's efforts to reduce unnecessary federal spending. In this regard, we judiciously determine the necessary set of Agency mandatory requirements in our procurement actions. The procurement of systems that do not meet these mandatory requirements is not in the best interest of the government and, in our judgement, would be the cause of unnecessary federal spending. This elementary principle is reflected in the Federal Property Management Regulations (see attached). "Common sense" regulations such as these guide the government in its procurement decisions. To do otherwise and dilute requirements for a presumed short-term cost saving is poor management, increases overall costs and is a major cause of unnecessary federal spending.

Hope this is somewhat helpful.



STATINTL

Title 41—Public Contracts, Property Management

by the contractor for the Government or the Government. software, maintenance, services and supplies affi- cies stated herein are in- cluded. A. Specific ex- cludes stated herein are: DPE that are specially configured) and/or incorporated as a part of a system or for the Government nent contract; or that is specially de- veloped of systems described of this section.

ations.

Terms—Appendix A.)

ies and procedures.

ng the determination ADP. Determina- m be preceded by and results of well docu- systems and/or fea- for any acquisitions anticipated purchase

~~\$100,000 or where the daily rental will exceed is dollar level, agency es should be docu- cide appropriate man- ation and approval. In documentation must indicate that: or processes for which be used are essential~~

of effectiveness and operational economy.

(b) *Acquisition decisions.* It is the general policy of Government to rely on the private sector for its goods and services except where such action is not in the national interest. This basic guidance is contained in OMB Circular A-76, revised dated June 13, 1977, subject: "Policies for Acquiring Commercial or Industrial Products and Services for Government Use." The decision to establish or augment an in-Government ADP facility or activity must be preceded by a comparative cost analysis to verify that a commercial ADP services approach is not more appropriate.

However, to ensure maximum benefit from current Government investment in ADP resources where excess or idle capacity is available, sharing of already installed/available Government ADPE, software or ADP related services, or use of excess Government-owned equipment has priority status where such resource can meet the required ADP capability economically and efficiently.

(c) *Competitive acquisitions.* (1) Data systems specifications, equipment performance requirements specifications, and other specifications shall be designed to ensure free and open competition and equal opportunity and appropriate consideration to all responsive and responsible suppliers, including manufacturers, leasing companies and third party vendors. These specifications shall be applicable as

FP MR Subpart 101-35.206

Chapter 101—Federal Property Mgmt. Regs.

§ 101-35.206

necessary to adequately describe the Government's requirement. All of these specifications must be consistent with FPMR, FPR (where applicable) and thereafter agency procurement policies and practices.

(2) Two prime factors shall be considered in the selection of equipment.

- (i) Its capability to fulfill the system specifications; and
- (ii) Its overall costs, in terms of acquisition, preparation for use, and operation.

The term "overall costs," as used in this subparagraph, shall be interpreted to include but not limited to such cost elements as personnel, purchase price or rental, maintenance of purchased equipment, site preparation and installation, programming, training, and conversion costs. In considering conversion costs, care must be taken to avoid undue biases or predispositions which are prejudicial to free and open competition. Conversion costs may be considered only to the extent that such costs can be shown to be clearly essential to continuing agency needs taking into account the probable economic life of the resources to be converted; that due consideration has been given to the possibility of redesigning current systems and software to take advantage of enhanced system capabilities or eliminating obsolete or nonstandard software in conflict with applicable Federal Information Processing Standards; and that the bases for such conversion costs are clearly delineated in the solicitation docu-

conversion costs and/or operational impact are substantial and the requesting agency regards them as essential in a determination of "best interests of the Government", such conversion factors should be clearly and fully justified and documented.

(4) If ADPE for an interim upgrade is acquired noncompetitively then the agency shall commit itself to replace the complete ADPE complex (or some logical and substantial subset thereof) of which the interim equipment forms a part. Such acquisition shall be based on new specifications and shall be accomplished through a competitive procurement within 2 years of the initial acquisition. The agency and GSA may mutually agree to a longer period of time when there are unusual circumstances.

(d) *Determinations of least cost alternative.* (1) The method of acquiring ADPE, software, maintenance, ADP related services, and supplies shall be determined after careful consideration of the relative merits of all methods available; i.e., purchase, lease, or lease-with-option-to-purchase, or any other legally acceptable method. The method chosen shall be that which offers the greatest advantage to the Government under the circumstances which pertain to each situation.

(2) A *comparative cost analysis* of the alternative method of acquisition shall be performed to determine which method shall provide the Government with the lowest overall cost (price and other factors considered), over the

12 February 1981

STATINTL

MEMORANDUM FOR:
Administrative Contracting Officer,
ADP & EB/PD/OL

THROUGH: Deputy Director for Processing, ODP
Chief, Engineering Division, ODP

STATINTL FROM:

C/SEB/ED/P/ODP

SUBJECT: Response to Questions Raised At Amdahl Meeting
on 9 February 1981

1. This memorandum answers the questions cited in paragraph three (3) of your 11 February 1981 memorandum to Chief, Engineering Division, ODP. The questions are addressed out of sequence (Question 2 preceding Question 1), because the answer to Question 2 has some bearing on Question 1.

Question 2: Requested an explanation as to the Agency's rationale for selecting IBM VM/SP as the only software which will meet the needs of the Agency.

Answer: VM/SP was required for the following reasons:

- (A) The Agency as a state-of-the-art user of IBM compatible computer systems must insure that any system procured by it is capable of using the latest releases of IBM software. To accept any system not capable of using the latest, and by implication, succeeding releases of IBM software would restrict the Agency from taking advantage of new technological advances in the future. Examples of future advances that would be precluded by not keeping abreast of current software include new peripheral devices and new software packages.
- (B) VM/SP is the required software for the only computer system (the IBM 3033 MP) capable of meeting the Agency's VM benchmark. It is therefore part of the standard by which equivalent proposals must be evaluated.
- (C) As part of the Agency's overall plan for meeting all of its data processing requirements in the space available to it, the use of

SUBJECT: Response to Questions Raised At Amdahl Meeting on
9 February 1981

IBM 3380 DASD or their functional equivalent for both VM and other services is mandatory. The VM/SP software is required if 3380-type equipment is to be used in the VM environment.

Question 1: Requested an explanation of the Agency's relationship with IBM with respect to the alledged prerelease of VM/SP.

Answer: Because of the critical time requirement for the new VM processor (service demands are projected to exceed current resources in the second quarter of FY-81), the Agency took pre-release of a version of VM/SP in August and participated in IBM's First Customer Ship (FCS) program starting in October of 1981. This was done so that the Agency's local modifications could be integrated into VM/SP in a timely fashion. The Agency was not a Beta Test Cite for this product.

2. In regard to the reliabiliey of VM/SP, the Agency chose to become one of the early users of this new software release because it was the only way to utilize proven hardware (the IBM 3033 MP) capable of meeting its projected requirements. Because of the lead-time available, the RFP requirement of at least one operational site, and the fact that this was a new version of previously tested software, the risks involved were not judged to be inordinant.

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DD/A Registry
80-2694

December 15, 1980

File
Am dahl

Mr. Don Wortman
Deputy Director for Administration
Central Intelligence Agency
Washington, D.C. 20505

Dear Mr. Wortman:

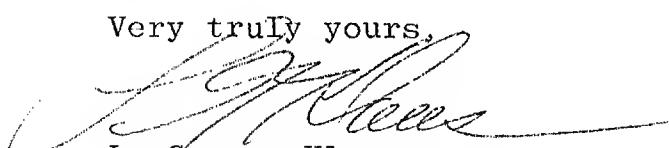
The purpose of this letter is to bring to your attention an active procurement situation within the Agency with regard to which we feel we will be compelled to file a formal protest with the Agency Director. The Amdahl Corporation is concerned that the RFP 2-81A solicitation is in effect a sole source procurement under the guise of a fully competitive procurement.

The proposals in response to the RFP are due on December 22, 1980. We feel that the lack of adequate response by the procurement department and their technical representatives to the issues that we have raised will compel us to exercise our fullest administrative remedies.

In the hope of resolving this matter without a protest, I request a conference with you at your earliest convenience.

Your consideration of this matter is sincerely appreciated.

Very truly yours,


L. George Klaus
Vice President of Marketing
Federal Region

LGK:dt